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Cromwell European REIT's

3Q 2020 Income Available for Distribution Grew 5.8% Q-o-Q

- 3Q 2020 NPI of €30.6 million is 14.3% higher quarter-on-quarter
- 45 new leases and renewals (26,157 sq m) secured at a blended rental reversion of +2.8%
- Portfolio occupancy stable, remaining above 94% over the last six months despite COVID-19
- Strong €100.8 million cash position, supplemented by total committed undrawn facilities of €235 million
- Assigned BBB- credit rating by Fitch Ratings and established €1.5 billion EMTN Programme

	3Q 2020	2Q 2020	Variance
Gross Revenue (€'000)	46,092	45,154	2.1%
Net Property Income (€'000)	30,593	26,765	14.3%
Income Available for Distribution to Unitholders (€'000)	22,549	21,309	5.8%

SINGAPORE – Cromwell EREIT Management Pte. Ltd., the manager (the "**Manager**") of Cromwell European Real Estate Investment Trust ("**Cromwell European REIT**" or "**CEREIT**"), today provided a business update on CEREIT's financial and operational performance during the third quarter and the nine months ended 30 September 2020 ("**3Q 2020**" and "**YTD 2020**", respectively).

CEREIT's 3Q 2020 gross revenue and net property income ("**NPI**") rose 2.1% and 14.3% quarter-on-quarter ("**Q-o-Q**") to €46.1 million and €30.6 million, respectively. The increase in NPI is mainly attributable to the absence of doubtful debt provisions in 3Q 2020 and the reversal of a €0.3 million provision for COVID-19-related doubtful debts.

CEREIT's income available for distribution ("**DI**") grew 5.8% to €22.5 million in 3Q 2020, up from €21.3 million in the previous quarter ("**2Q 2020**"). Its 3Q 2020 indicative distribution per unit ("**DPU**") was 0.882 Euro cents, representing a 5.8%[1] Q-o-Q increase. The indicative DPU is based on a 100% payout of DI and takes into account no capital distribution and base manager fees and property manager fees paid 100% in cash, in line with the 1H 2020[2] announcement.

The Manager's Chief Executive Officer, Mr. Simon Garing, commented, "I am delighted to report that in 3Q 2020, CEREIT delivered an excellent 14.3% jump in net property income quarter-on-quarter and a 5.8% growth in indicative DPU over the same period. We are particularly pleased with the 14.1% positive rent reversion for new leases and renewals in the light industrial / logistics segment in 3Q 2020. Our timely divestment of non-core properties enhance the resilience of the portfolio, while the strategic acquisitions of high-quality logistics assets in Germany during the first half of the year ensure new recurring cashflows."

Active Asset Management and Stable Occupancy Rates

Building on the positive leasing momentum, the Manager secured 30 new leases and renewed 15 leases for 26,157 square metres ("**sq m**") of space in 3Q 2020, achieving a blended rental reversion of +2.8% across office (-1.4%) and light industrial / logistics (+14.1%) assets. More recently, the Manager secured three large leases spanning over 25,000 sq m of office and light industrial / logistics space across France, Poland and Denmark, as announced in late October 2020.

With an occupancy rate of 94.3% as at 30 September 2020, CEREIT maintained a high occupancy rate of above 94% over the last six months. Following the acquisition of a logistics asset in Sangerhausen, Germany, and other proactive efforts to further reduce tenant-customer concentration risk, the top 10 tenant-customers now account for 33.6% of the portfolio's total headline rent, as compared to 34.5% as at 30 June 2020.

The number of tenant-customers submitting rent re-profiling requests due to COVID-19 has tapered off materially since late June 2020. CEREIT has allowed approximately 12% of tenant-customers by yearly gross income to temporarily pay their rent monthly, rather than quarterly, while rent collection remains at around 90%. Some rent re-profiling requests were also approved on the back of lease extensions, such as a 6,250 sq m five-year lease extension with anchor tenant-customer cinema operator UCI in Lissone, Italy.

The Manager continues to work on other long-term lease extension strategies, especially with key tenant-customers. CEREIT entered the year with almost 14.5% of CEREIT's leases expiring or breaking in FY 2020. The leasing teams on the ground have since reduced this number down to only 1.5% for the remaining part of the year and have made a good start with 2021 expiries and breaks, successfully de-risking 48% of leases until 31 March 2021. CEREIT's WALE[3] profile stands at 5.0 years as at 30 September 2020, including a WALE of 7.0 years for CEREIT's assets in the 'others' segment, comprising three government-let campuses, a hotel and a leisure / retail property in Italy.

Strong Balance Sheet with Conservative Capital Structure and Funding Flexibility

As at 30 September 2020, CEREIT has a net gearing level[4] of 35.9%, an aggregate leverage[4] of 38.8% and an interest coverage ratio of 6.8 times, as defined by the Monetary Authority of Singapore, reflecting the wide spread between its high property yield and low cost of funding of approximately 1.5% per annum.

As a result of the Manager's responsible approach towards capital management, CEREIT maintained a strong cash position of €100.8 million as at 30 September 2020. Net asset value was €49.3 cents per unit in 3Q 2020, slightly lower as compared to 2Q 2020, following the 1H 2020[2] asset valuations and distribution payment.

Due to improved financial market conditions, the Manager also repaid a further €25 million of CEREIT's revolving credit facility ("**RCF**"), reducing the outstanding amount to €50 million. In October 2020, CEREIT entered into a separate €135 million unsecured RCF, with an accordion increase option of €65 million, providing considerable future funding flexibility. With this, CEREIT's total committed undrawn facilities amount to €235 million. The Manager also established a €1.5 billion Euro Medium Term Note ("**EMTN**") programme to access debt capital markets in future. No debt facility is due to be refinanced until the second half of 2021.

Fitch Ratings Singapore Pte Ltd ("**Fitch Ratings**") assigned CEREIT a Long-Term Issuer Default Rating ("**IDR**") of "BBB- with stable outlook" in late October 2020. The IDR is underpinned by CEREIT's high-quality tenant-customer base and geographically diverse portfolio of office and logistics / industrial properties, which Fitch Ratings expect will reflect steady operating metrics and provide cash flow over the medium term despite the ongoing pandemic-induced economic downturn.

"CEREIT's recent investment-grade rating reflects Fitch Ratings' recognition of the strength of the REIT's balance sheet and the resilience of its cashflows. As an example, CEREIT generated a YTD 2020 operating cashflow of €74.2 million, representing a remarkable 4% year-on-year increase. The rating also positions CEREIT well to access longer-tenor financing in debt capital markets when markets stabilise and allows for further diversification of CEREIT's funding sources," added Mr. Garing.

Recognised for First-Class Governance Standards and Sustainability Efforts

In recognition of the Manager's high environmental, social and governance ("**ESG**") standards and strong practices in this regard, CEREIT attained high scores in two leading corporate governance indexes. Ranked against other Singapore-listed REITs and business trusts, CEREIT was placed 7th in the Singapore Governance and Transparency Index 2020 in the REIT's second assessment year and was ranked 10th in the Governance Index for Trusts 2020. These achievements bear testament to the

Manager's commitment to continue safeguarding CEREIT unitholders' interests and applying its best practice approach to corporate governance and sustainability.

CEREIT was also conferred the 'Best Industrial REIT – Platinum' award at the Asia Pacific Best of the Breeds REITs Awards™ 2020, for its excellent performance even amid the pandemic. This is the third consecutive year CEREIT has clinched the Platinum award. In addition, Mr. Garing was bestowed the 'Best CEO – Platinum' award, in recognition of his exemplary and outstanding leadership. He received the Gold award in the same category last year.

ESG is embedded in CEREIT's culture and sustainability standards have been integrated into the day-to-day management of CEREIT's portfolio and operations. All members of the Manager's senior management team have key performance indicators focused on specific ESG targets. The Manager has also attained green certifications for 60% of its office portfolio, with 16 BREEAM[5] and one LEED[6] certification, with two more BREEAM certifications underway.

Looking Ahead

The Eurozone economy experienced a strong bounce in 3Q 2020, with gross domestic product ("**GDP**") growing by a record-breaking 12.7% Q-o-Q, recouping two-thirds of the output loss since last year, based on data from Oxford Economics. As the current COVID-19 wave intensifies and social distancing measures and lockdowns are re-imposed, European governments are taking the approach of 'trade limiting' restrictions as opposed to prohibitions on trade, to preserve economic activity and employment as much as possible. As the recovery in the fourth quarter weakens, current forecasts show expectations for GDP to contract 7.5% as a whole in 2020.

The ECB[7] continues to provide ample monetary stimulus and has committed to purchasing €1.35 trillion of bonds until June 2021. This will help European Union member countries to substantially increase their debt issuances, calm bond markets and lower risk spreads in peripheral countries. The outlook remains highly dependent on how the pandemic evolves and the size of each country's fiscal policy response. Barring any further deterioration of the situation, 2021 should see a strong pick-up to 5.5% as restrictions are eased, daily activities resume and the impact of monetary and fiscal policy stimulus feeds through.

While the pandemic has accelerated shifts in working patterns amid the prevalence of work-from-home ("**WFH**") arrangements, office as an asset class is expected to remain relevant in the long term. Recent data from Colliers on occupier sentiment and requirements across 75 large FTSE companies[8] shows that as WFH continues, as a whole there are still no major changes in current office requirements. There is a clear trend however towards moving to outer and inner-city areas from city centres, reflecting a decentralisation trend which bodes well for CEREIT's portfolio.

In the light industrial / logistics sector, the demand for data centres and reshoring / onshoring trends are also coming into the spotlight amid increasing adoption of online shopping and e-commerce, and higher penetration rates of e-goods and services across Europe since the onset of COVID-19 pandemic.

Looking beyond the pandemic, the Manager plans to increase CEREIT's portfolio exposure to light industrial / logistics and data centre assets and divest several office and other assets. It will also continue planning for key redevelopment pipeline opportunities in gateway cities such as Paris, Amsterdam and Milan.

Mr. Garing concluded, "We are mindful that these are difficult times for everyone and that the impact of the pandemic will continue. However, our disciplined approach to acquiring secure cashflows and diversification has steered CEREIT well through 2020. Our on-the-ground Cromwell teams are a major differentiating factor in these times, proactively engaging tenant-customers, executing leasing strategies, as well as asset enhancement initiatives and ESG initiatives, and exploring opportunities that emerge from market dislocations. As the Manager of CEREIT, we operate within very strict governance policies and regulation and responsible capital management. The recent investment-grade rating reflects the balance sheet strength and security of cashflows, endorsing our strategy."

"Lastly, CEREIT's strong results since the beginning of 2020 and in particular during the third quarter give the management team the confidence to continue pursuing an active capital recycling and asset management strategy of growth through accretive acquisitions and targeted divestments. Our current focus remains on logistics assets in Germany and neighbouring countries. We remain confident in CEREIT's future performance and long-term value proposition."

ABOUT CROMWELL EUROPEAN REAL ESTATE INVESTMENT TRUST

Cromwell European Real Estate Investment Trust ("**Cromwell European REIT**" or "**CEREIT'**) is a real estate investment trust ("**REIT**") with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate assets in Europe that are used primarily for office, light industrial / logistics and retail purposes.

CEREIT's portfolio comprises 95 properties with an appraised value of approximately €2,082 million as at the date of this announcement in or close to major gateway cities in the Netherlands, Italy, France, Poland, Germany, Finland and Denmark, with a balanced focus on the office and light industrial / logistics sectors. CEREIT's portfolio has an aggregate lettable area of approximately 1.4 million square metres, around 800 tenant-customers and a WALE[3] profile of approximately 5.0 years as at 30 September 2020.

CEREIT is the first REIT with a diversified pan-European portfolio listed on the Singapore Exchange Limited. CEREIT is managed by Cromwell EREIT Management Pte. Ltd., a wholly-owned subsidiary of CEREIT's sponsor, Cromwell Property Group[9], a real estate investor and manager with operations in 14 countries, listed on the Australian Securities Exchange Ltd.

MEDIA AND INVESTOR ENQUIRIES

Cromwell EREIT Management

Elena Arabadjieva

Chief Operating Officer & Head of Investor Relations

+65 6817 9589

elena.arabadjieva@cromwell.com.sg

MEDIA ENQUIRIES

Newgate Communications

Bob Ong

Associate Director

+65 6532 0606

bob.ong@newgatecomms.com.sg

Amira Sadiran

Senior Consultant

+65 6532 0606

amira.sadiran@newgatecomms.com.sg

Cherie Hui

Executive

+65 6532 0606

cherie.hui@newgatecomms.com.sg

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1 In 3Q 2020 and 2Q 2020, the Manager's base fee and property management fee are paid fully in cash.
2 Refers to the six months ended 30 June 2020.
3 "**WALE**" is defined as weighted average lease expiry by headline rent based on the final termination date of the agreement (assuming the tenant-customer does not terminate the lease on any of the permissible break date(s), if applicable. WALE includes WALE of 7.0 years for CEREIT's assets in the 'Others' segment (comprising three government-let campuses, one hotel and one leisure / retail property in Italy).
4 Net gearing is total debt less cash over total assets less cash. Aggregate leverage is 38.8% as per the Property Funds Appendix and includes €50 million drawn against the RCF.
5 "**BREEAM**" refers to Building Research Establishment Environment Assessment Method. It is the world's leading sustainability assessment method for master-planning projects, infrastructure and buildings.
6 "**LEED**" refers to Leadership in Energy and Environmental Design.
7 Refers to the European Central Bank.
8 Based on their public media statements.
9 Cromwell Property Group is a stapled group comprising Cromwell Corporation Limited and Cromwell Diversified Property Trust (the responsible entity of which is Cromwell Property Securities Limited).